

Message Text

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ACTION NEA-11

INFO OCT-01 EUR-12 ISO-00 EB-08 OPIC-03 AID-05 /040 W
-----070125 111349Z /43

R 111217Z MAY 78
FM AMEMBASSY BEIRUT
TO SECSTATE WASHDC 7934
INFO AMEMBASSY AMMAN
AMEMBASSY ATHENS
AMEMBASSY CAIRO
AMEMBASSY DAMASCUS
AMEMBASSY TEL AVIV
USDOC WASHDC

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ATHENS FOR RTDO

E.O. 11652: N/A
TAGS: EALR, ECRP, ECRE, LE
SUBJ: RECONSTRUCTION OF DOWNTOWN BEIRUT

1. SUMMARY. RECONSTRUCTION OF DOWNTOWN BEIRUT BY PRIVATE PROPERTY-OWNERS CONTINUES SLOWLY. NOTHING SPECTACULAR HAS YET RESULTED FROM THE GOVERNMENT PLAN, NOR IS LIKELY TO UNTIL THE POLITICAL OUTLOOK IMPROVES MARKEDLY. END SUMMARY.

2. ON MARCH 7, MINISTER OF PUBLIC WORKS AMIN BIZRI IN A STATEMENT MADE TO MONTE CARLO RADIO ANNOUNCED THAT THE LONG SLUMBER IN BEIRUT'S COMMERCIAL CENTER WOULD COME TO AN END APRIL 1. ON THAT DATE AN ARMY OF ARCHITECTS AND CONSTRUCTION WORKERS WERE SCHEDULED TO CONVERGE ON THE AREA AND START REBUILDING IT. SHORTLY AFTER APRIL 1, BIZRI ANNOUNCED A POSTPONEMENT OF THE EVENT UNTIL JULY 1, CITING DETERIORATION IN SECURITY CONDITIONS.

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3. THE PLANS.

THE "MASTER PLAN," TECHNICALLY A SCHEMA, FOR REBUILDING THE COMMERCIAL CENTER OF BEIRUT, IS THE PRODUCT OF A FRENCH DESIGN TEAM. REMARKABLY CONSERVATIVE IN CONCEPT, IT RETAINS MOST OF THE PRE-WAR PATTERN OF STREETS AND BLOCKS. ONLY MINOR DEMOLITION IS PLANNED IN AREAS IMMEDIATELY SURROUNDING

CHURCHES, MOSQUES, AND PUBLIC BUILDINGS OF HISTORIC OR ARCHITECTURAL MERIT IN ORDER TO FRAME THESE BUILDINGS WITH GARDENS AND TREES. THE LESSER STREETS OF THE COMMERCIAL CENTER AND THE ALLEYS OF THE OLD SUQS ARE TO BE PRESERVED AS THEY WERE, BUT RESTRICTED TO PEDESTRIAN TRAFFIC. VEHICLE TRAFFIC WILL BE ROUTED ALONG THE MAJOR THOROUGHFARES NOW EXISTING OR THROUGH A SYSTEM OF RAPID-TRAFFIC TUNNELS AND INTERSECTIONS CUT BENEATH THE CITY. OTHER MODIFICATIONS INCLUDE A DISTRICT OF WATERFRONT PARKS AND SMALL HOTELS JUST EAST OF THE ST. GEORGES MARINA, AND A MASSIVE CONCRETE APRON SURMOUNTED BY OFFICE STRUCTURES TO BE BUILT OVER THE TRAPEZOIDAL AREA IMMEDIATELY WEST OF THE FIRST BASIN OF THE PORT.

4. THE PLANS WOULD YIELD A RATHER PLEASANT COMMERCIAL AREA GEARED TO PEDESTRIAN COMMERCE AND RETAINING SOMETHING PERHAPS OF THE FLAVOR OF THE SUQS. THAT WORTHWHILE OUTCOME, HOWEVER, IS PREDICATED ON THE TUNNEL SYSTEM, WHICH IS A CONCEPTION OF LUXURIOUS EXPENSE. INCLUDED ARE TUNNEL SECTIONS WITH SIDE-BY-SIDE AS WELL AS DOUBLE-DECKER HIGHWAYS AND ONE HIGH-SPEED SUBTERRANEAN ROND-POINT. MUCH OF THIS NETWORK MUST BE BLASTED FROM SOLID ROCK. VARIOUS COST ESTIMATES FOR THE OVERALL PLAN HAVE APPEARED OVER THE PAST SIX MONTHS. BIZRI'S PROJECTION CALLED FOR LL 500 MILLION FROM THE GOVERNMENT AND LL 1 BILLION FROM PRIVATE INDIVIDUALS AND ORGANIZATIONS. OTHER ESTIMATES HAVE RANGED AS HIGH AS LL 3 BILLION. NO ESTIMATE TO DATE APPEARS RIGOROUS, BUT ONE MAY SAFELY LIMITED OFFICIAL USE

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PRESUME THAT THE PLAN AS IT STANDS IF COMMENCED IMMEDIATELY WOULD COST A MINIMUM OF LL 3 BILLION AND PERHAPS TWICE THAT AMOUNT. IT WOULD TAKE AT LEAST FOUR YEARS OF DETERMINED EFFORT TO COMPLETE.

5. FINANCING.

NO FIRM FINANCING PLAN YET EXISTS. THE WORK WOULD REQUIRE BOTH GOVERNMENT AND PRIVATE RESOURCES, THE LATTER DIRECTED MAINLY (AS THEY ARE TODAY) TOWARD THE REHABILITATION OF EXISTING STRUCTURES. HEADLINES HAVE APPEARED SAYING THAT THE SAUDI GOVERNMENT HAS EXPRESSED AN INTEREST IN HELPING TO FINANCE THE PROJECT. WE BELIEVE THERE IS MORE HOPE THAN FACT IN THIS POSSIBILITY. TO DATE, NO LOAN DELIVERED OR PROMISED BY AN ARAB DONOR INCLUDES THE RECONSTRUCTION OF DOWNTOWN BEIRUT AS A COMPONENT. IN CONVERSATION WITH THE AMBASSADOR MARCH 2, GOVERNOR OF BEIRUT MITRI NAMMAR SAID THAT MONEY WAS NOT A PROBLEM. GIVEN THE CURRENT PRICE OF THE LAND AND ITS RAPID APPRECIATION ONCE OVERALL RECONSTRUCTION GAINED MOMENTUM, THE PROJECT WAS BANKABLE, ACCORDING TO NAMMAR. THE PROBLEM WAS RATHER ONE OF CONFIDENCE IN THE FUTURE. PRESS ACCOUNTS APRIL 21 REPORTED BEIRUT MUNICIPALITY HAD

RAISED ONLY LL 150 MILLION TOWARD ITS SHARE OF 'PHASE ONE'
COSTS AND WAS DEMANDING LL 500 MILLION LOAN FROM GOL. WHILE
THERE IS MUCH TRUTH IN MANNAR'S OBSERVATIONS, MONEY IS
CERTAINLY A PROBLEM, AND THE FINANCING PLAN IS CLEARLY OPEN
TO REFINEMENTS.

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6. SLOW PROGRESS.

DESPITE ABSENCE OF MASSIVE GOVERNMENT INFUSIONS OF CAPITAL
AND LACK OF CONFIDENCE IN THE FUTURE, SCAFFOLDING CONTINUES
TO APPEAR IN THE DOWNTOWN AREA AND WITH EACH PASSING MONTH
THE STREETS ARE SLIGHTLY CLEANER AND THE NUMBER OF RENOVATIONS
INCREASES. THE PACE IS SLOW, AND THE OUTBREAKS OF FEBRUARY,
MARCH AND APRIL ACTED AS DETERRENTS. IT WILL BE A LONG
ROAD BACK. ONE MUST NOT DISCOUNT THE INFLUENCE OF "KEY
MONEY" VALUES, WHICH INCREASED SHARPLY IN THE PERIPHERAL
DISTRICTS AS BUSINESSES MOVED TO HAMRA,
ASHRAFIYAH, AND OTHER AREAS. THESE VALUES NOW FORM COLLATERAL
FOR COMMERCIAL LOANS AND THUS REPRESENT A VESTED INTEREST
SHARED BY TENANTS AND LANDLORDS IN THESE AREAS THAT RUNS
COUNTER TO THE REHABILITATION OF THE DOWNTOWN. ALSO TO BE
TAKEN INTO ACCOUNT IS THE POLITICAL/SECTARIAN SIGNIFICANCE
OF THE BURJ, TRADITIONALLY THE CONFESSIONAL MINGLING GROUND
OF BEIRUT. PARTIES SEEKING TO PERPETUATE THE SECTARIAN
DIVISIONS OF THE WAR, AMONG OTHER MEANS BY FOSTERING THE
CREATION OF TWO ECONOMIES IN LEBANON, HAVE NO INTEREST IN

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REBUILDING THE DOWNTOWN IMMEDIATELY. ON BOTH FINANCIAL AND POLITICAL GROUNDS, THEREFORE, THE ENTREPRENEURS PRESENTLY ACTIVE IN THE DOWNTOWN ARE CHALLENGING CERTAIN CURRENTS IN POSTWAR LEBANON.

7. WE BELIEVE NO DRAMATIC BREAKTHROUGH INTO FULLSCALE RECONSTRUCTION IS IN THE OFFING. SECURITY AND FUNDING, IN THAT ORDER, ARE THE INHIBITIONS. WITHOUT THE FIRST, NEITHER THE GOL NOR PROPERTY HOLDERS WILL PROVIDE THE SECOND IN SUFFICIENT QUANTITY TO CREATE THE LAND RUSH THAT NAMMAR, WE THINK CORRECTLY, IMAGINES WOULD OCCUR GIVEN THE RIGHT ATMOSPHERE. WE PREDICT CONTINUED GRADUAL REBUILDING IN THE FACE OF AN AMBIGUOUS POLITICAL SITUATION.

8. THIS MESSAGE RESPONDS TO LEBANON ITEM 2 IN THE MARCH - JULY EAL.

DECONTROL 5/30/82. LANE

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